

# THE CONNECTION

FALL 2004

A QUARTERLY PUBLICATION FROM THE ACCOUNTING DIVISION OF WASHINGTON STATE'S OFFICE OF FINANCIAL MANAGEMENT

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If you have questions or comments on any information contained in *The Connection*, please contact Angela Knight at (360) 664-7654 or [angela.knight@ofm.wa.gov](mailto:angela.knight@ofm.wa.gov).

## Performance Conference Focuses on the Practical



On October 18, the one-day 2004 Public Sector Performance Conference entitled *Creating a Performance Based Culture: The Critical Role of Managers and Supervisors* will feature experts from both inside and outside state government.

Many of the presenters are real managers who have developed and used the tools and principles of employee performance management in their own agencies and work groups.

Presenters will share "smart practices" based on their real-life experience, research and data. They'll share "notes from the field" so you can see what they've done and how they've done it — including how they approached the problem, got the buy-in they needed, and got the job done. You'll have a chance to ask questions and pick their brains for lessons learned along the way.

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## OFAC Compliance and AFRS Payments

The Office of Foreign Assets Control (OFAC) administers and enforces federal laws to further national security objectives by targeting hostile foreign countries, terrorism sponsoring organizations and international narcotics traffickers.

These laws state in part that no financial transactions may be conducted with anyone who has been placed on the OFAC Specially Designated Nationals (SDN) sanctions list. Failure to comply with OFAC payment rules can lead to large fines and lengthy jail sentences. More information on OFAC and the SDN list can be accessed at [www.ustreas.gov/offices/eotffc/ofac/index.html](http://www.ustreas.gov/offices/eotffc/ofac/index.html).

The Office of Financial Management is working to ensure that AFRS users are confident that vendors in either the Agency or Statewide Vendor files are not on the OFAC SDN list. To provide this capability, a new process is being designed that will access the OFAC web site on a daily basis and use that data to cross-check all names in both vendor files. Any vendor names found on the SDN list will be blocked from receiving payments from AFRS.

*continued on page 3*





*Sadie Rodriguez-Hawkins*

## *Congratulations!*

OFM Statewide Accounting,  
Statewide Financial Systems  
and State Financial  
Management Personnel.

Thank you for your dedication and tireless efforts in producing the state of Washington's Fiscal Year 2003 Comprehensive Annual Financial Report (CAFR). Your efforts have once again, resulted in the state's receiving another *Certificate of Achievement* from the Government Finance Officers Association.

"Your continued pursuit of excellence in financial reporting makes Washington proud."

Thanks for your hard work!

## Comments from the Assistant Director

*Opportunities are often found in tough situations...*

In the past few months, *The Roadmap Project* has drawn together financial and information technology executives from over a dozen state agencies. They have been deeply engaged in a conversation related to the improvement of core financial and administrative systems, management policies, and processes.

Early on in the conversation, the project team became acutely aware that before they could begin to discuss potential solutions, they wanted to be better informed about the common business problems and opportunities associated with these policies, processes, and systems. The group identified six end-to-end business processes for further investigation.

After six intense focus group sessions that addressed each end-to-end business process, the group came up with the following:

### Common Business Problem / Opportunity "A-ha!" Statements

- **Procure-to-Pay**
  - Optimize purchasing power
  - Put cash in the bank, not on the shelf
  - Streamline procure-to-pay: a more economic government
- **Reporting / General Ledger**
  - Capture the right data for better decisions
  - Turn data into timely information
  - Maximize revenues from agency business operations
- **Cost Accounting**
  - Enable data-driven decisions
  - Protect federal and local funding
- **Revenue Cycle**
  - Make it easier for customers to pay the state
  - Increase investment revenues
  - Streamline invoice-to-cash: a more economic government
- **Performance Management and Budgeting Cycle**
  - Streamline and integrate the budget management cycle
  - Use more than just numbers to tell a story
  - Align the dollars with managed results
  - Provide flexibility to support innovative budgeting
- **Capital Asset Management**
  - Maximize return on investments in capital assets
  - Improve accountability for state assets

These "A-ha!" statements are intended to convey the maximum results to be gained in each business process. The group will be seeking feedback via a survey that will go out to state agencies within the month. For more information, see the *Roadmap* article on page 7.

*Times of stress and difficulty are seasons of opportunity when the seeds of progress are sown.*

*Thomas F. Woodlock*

## Performance Conference . . .

*continued from front page*

You may know that Washington is on the verge of putting in place a brand new personnel system – the biggest change to the state's personnel system in forty years. This conference will help you identify the skills necessary to make the transition smoothly, and learn what agencies, managers and employees are doing now to prepare for the coming changes.

### *Learn How to Thrive in the New Culture*

New civil service rules resulting from the state's personnel reform efforts will create a more performance-based environment. This means establishing performance expectations with employees more clearly from the beginning, measuring performance along the way and providing timely feedback.

In keynotes and breakout sessions you will hear proven strategies from experts in the field, including nationally recognized author Dick Grote, as well as Department of Personnel Deputy Director Sharon Whitehead and other state managers willing to share how they are successfully aligning staff performance with the goals of their agency.

As a result of another major aspect of personnel reform, agencies soon will have the option to competitively contract for services traditionally and historically provided by state employees, if those services can be done with better results or at a lower cost.

This means that managers will need to know how to cost activities, compare their unit's performance with other marketplace alternatives and assess the relative risks and benefits associated with competitively contracting a service.

Relevant breakout sessions will show you how you can use the principles of competitive contracting to drive performance and make your operations more efficient.

### *Sign Up Early to Reserve Your Spot*

The conference targets mid-level managers and human resource professionals and is filling up fast. Because of enrollment limitations, you are invited to register early at [www.wsqa.net](http://www.wsqa.net). The cost is \$150 per person and includes a copy of coauthor Ron McMillan's soon to be published book, *Crucial Confrontations*. The conference will be held on October 18, 2004, at the SeaTac Doubletree Inn.

## OFAC Compliance . . .

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Once an agency determines that a blocked vendor in the Agency file is not the person or company specified on the SDN list, it will be able to unblock payments to that vendor. The Office of the State Treasurer (OST) has offered to work with OFAC on behalf of agencies to resolve any matches that occur. In a similar fashion, OFM personnel will work with OST on blocked Statewide Vendor entries.

Please note that agencies will be **fully** responsible for checking the SDN list for any payments made with no vendor number or with a pseudo vendor number (V0D0 or V0D1), and for payments made outside of AFRS. AFRS will not check any of these types of payments against the SDN list.

The implementation date for this new process is January 1, 2005. Please access the **statewide memo** from Sadie Rodriguez-Hawkins, dated August 25, 2004, for more details on the new process.

If you have any questions, please contact the AFRS Help Desk at (360) 664-7725, or your agency's accounting consultant.

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**Election Day is**  
**November 2nd**  
**Exercise your right to vote!**



[Click here for the 2004 on-line Voters Guide](#)

## Chart of Accounts Review Project

Several recent initiatives, including Priorities of Government (POG) and the analysis of an enterprise approach to financial systems, have lead us to reassess the state's current chart of accounts.

Should we be allotting and accounting by activity? Should the state move to a more enterprise chart of accounts? Are there statewide and/or agency financial information needs that cannot be met today because of the chart of accounts constraints?

OFMs strategic plan includes a task to "analyze the overall effectiveness of the state's chart of accounts to determine that it meets the current needs of budgeting and accounting." Lynne McGuire and Wendy Jarrett from OFMs Budget and Accounting Divisions respectively, have joined forces to lead this effort.

### The objectives for the project include:

- Gaining an understanding of the strengths and shortcomings of the current chart of accounts,
- identifying information needs that are not currently being addressed,
- developing common definitions for chart of account components,
- evaluating alternative chart of account structures,
- recommending a new chart of accounts, and
- developing a high-level transition and implementation plan.

We are proposing a project approach, similar to that used successfully in the SAAM manual rewrite project, that has a fairly small project team, but relies on extensive input from chart of accounts users through surveys and "virtual" meetings.

The project schedule extends from September 2004 through May 2005.

Because the results of this project could have a major impact on the systems and information available to the state in the future, we want to make sure this review addresses all key issues and concerns.

### We are counting on your participation:

If you have questions or input that you would like to share at this time, please contact Lynne McGuire at [lynne.mcguire@ofm.wa.gov](mailto:lynne.mcguire@ofm.wa.gov) or Wendy Jarrett at [wendy.jarrett@ofm.wa.gov](mailto:wendy.jarrett@ofm.wa.gov).



## SAAM Update

The *State Administrative and Accounting Manual* (SAAM) was revised effective October 1, 2004, to adopt the changes to the lodging and subsistence rates as updated by the federal General Services Administration (GSA).

One of the federal rate changes adopted a uniform lodging rate for all areas within the Portland-Vancouver-Beaverton, OR-WA metropolitan statistical area (MSA). Consequently, there is no longer a difference between the federal and state lodging rates for Clark and Skamania Counties.

The King County lodging rate decreased and is now a seasonal rate. All of the non-high cost lodging rates increased from \$55 to \$60.

High cost lodging and subsistence rates for locations within the state of Washington can be accessed on the state per diem rate map at <http://www.ofm.wa.gov/policy/travel.htm>.

For Continental USA locations outside of Washington State, per diem rates can be accessed from Subsection 10.90.10 of the travel policy or by going directly to the GSA website <http://www.gsa.gov/travel.htm>.

Additional details related to SAAM changes are noted in Directive 04A-04 which accompanied the policy update. Directive 04A-04, as well as the entire text of SAAM, is available on our web site at <http://www.ofm.wa.gov/accounting/policies.htm>.

Questions regarding all other manual content and proper interpretation should be directed to the OFM Accounting Consultant assigned to your agency.

## Salary Projection System (SPS) Changes



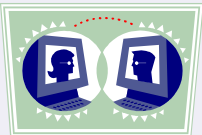
Compensation rules changes resulting from civil service reform and collective bargaining necessitates changes to the *Salary Projection System* (SPS). The Department of Personnel (DOP) is also implementing a new payroll/personnel system (SAP) to accommodate the changes resulting from the Personnel System Reform Act of 2002. OFM was faced with a decision on what to do with SPS to make it useful to agencies for projecting salaries and benefits for their 2005-07 allotments. To that end, we contracted with Dye Management Group to conduct a study to determine the feasibility of OFM using SAP to replace SPS.

The results of the study revealed the following options:

1. Use the core SAP system and implement additional modules to replace the SPS functionality.
2. Use SAP programming tools to work with data in the SAP Business Warehouse to replace the SPS functionality.
3. Modify the current SPS application to do projections based on collective bargaining and the new HR rules as a long-term strategy.
4. Modify the current SPS application to do projections based on collective bargaining and the new HR rules as a short-term strategy to accommodate the development of allotments. Revisit the use of SAP at a later date as a long-term solution.

We decided on Option 4, *the modification of the current SPS application to do projections based on collective bargaining and the new HR rules as a short-term strategy to accommodate the development of allotments*. This solution will introduce the least risk for development, testing and project management while meeting the implementation timeline. The expertise needed for the SAP solution would have been difficult to procure in the time needed and would have presented new and unknown risks. By focusing on Option 4 as a short-term solution, it gives us time to make a better-informed long-term decision after the implementation of the DOP HRMS.

Our plan is to have the SPS changes in place for the development of the 2005-07 biennial allotments. If you have any questions or concerns, please contact Art Overman at [art.overman@ofm.wa.gov](mailto:art.overman@ofm.wa.gov) or (360) 725-5271.



### FMAC Hosts GAAP Video Conference

This year, the Financial Management Advisory Council (FMAC) will host the Governmental GAAP Update Satellite Video Conference presented by the Government Finance Officers Association (GFOA). The conference speaker will be Stephen Gauthier, Director of the GFOA Technical Services Center.

The conference will feature a range of topics, including final guidance from the Governmental Accounting Standards Board (GASB) related to:

- Accounting and financial reporting for *other post-employment benefits* (OPEB),
- the Statistical Section of the CAFR, and
- tobacco settlement revenues.

#### *Conference Date/Location*

Thursday, November 4, 2004, 10:00 am to 2:00 pm PST in the Brouillet Conference Room at the Office of the Superintendent of Public Instruction, 600 S. Washington St., Olympia, WA.

GFOA charges an attendance fee. You can register online at GFOA's website <http://www.gfoa.org/services/training.shtml>. FMAC's site code is WA03.





## The Roadmap Project - *Moving Forward Together*

The *Roadmap project* continues to make progress toward choosing “what’s next” after the Human Resource Management System is implemented. In September, several focus groups completed defining the high-level “back office” business problem and opportunity statements for these six end-to-end business processes:

- ◆ Management Reporting and General Ledger
- ◆ Procure-to-Pay Cycle
- ◆ Cost Accounting Cycle
- ◆ Revenue Cycle
- ◆ Performance Management and Budgeting Cycle
- ◆ Asset Management Cycle

The project’s goal for the next two months is to determine which of these processes has the most potential for streamlining the state’s “back office” business processes, reducing cost and effort, and improving core management systems. The “winner” will be first on the *Roadmap* plan.

All agencies will have the opportunity to help validate and prioritize the business processes through an on-line survey. In October the project team and volunteers from the Advisory Group will put the final touches on the survey instrument.

Several agencies volunteered to pilot the survey process before deploying it to all agencies. Agencies should expect more information and instructions on how to access and complete the survey by the end of October.

Learn more about the *Roadmap project* by visiting our Website at: <http://www.ofm.wa.gov/test/roadmap/index.htm>

## More about the Roadmap Project . . .

### Dye Management Group selected to support the Roadmap Project

Dye Management Group (DMG) recently joined the project to help complete Phase I, which includes development of a solutions framework, feasibility study, and implementation plan.

Tom Crawford, the DMG project manager, began work on October 6.

### IPMA Executive Seminar offers advice to the Roadmap project.

Kevin Anderson of Deloitte Consulting gave conference attendees an overview of the Roadmap project at this year’s IPMA Executive Seminar in Lake Chelan.

Facilitated breakout sessions followed Kevin’s presentation where over 100 attendees discussed the challenges and opportunities facing the project and offered advice to the project team.

## Seventeen Years of Excellence!



We are extremely proud to announce that Washington State was awarded the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for our Fiscal Year 2003 Comprehensive Annual Financial Report (CAFR). This marks the 17<sup>th</sup> consecutive year that we have received this prestigious award.

We very much appreciate and thank you for your participation in the preparation of the CAFR, and extend our congratulations to everyone who contributed to this effort. Without the dedication and professionalism of state financial management personnel, this award would not be possible.

As a part of our agency sustainability efforts, we are referring all requests for paper copies to the online version. To view the Fiscal Year 2003 CAFR, please visit our website at <http://www.ofm.wa.gov/accounting/financial.htm>. If you have any questions, please contact the OFM Financial Consultant assigned to your agency.



## Disclosure Forms Application – A Big Improvement!

“User-friendly,” “nothing to download,” “easy to understand,” and “big improvement over the previous method” are just some of the comments we received about the new web-based Disclosure Forms application.

Agencies told us that due to this technology, they were able to complete their disclosure forms in less time this year than in previous years.

In years past, OFM would e-mail files to agencies, which would have to change the file extension and download the information.

Agencies would then key in their data and save the information on a disk. The disk would then have to be mailed to OFM. Don't you agree that improvements were needed?

We have received some suggestions for future improvements. Suggestions include: view-only access, move the federal forms into a separate application, and provide agency reports.

Please let us know how you feel about these suggestions.

Also, since the disclosure form deadline just passed, now would be a good time to let us know what other suggestions/comments you have regarding this application. Email Sue Adamich at [sue.adamich@ofm.wa.gov](mailto:sue.adamich@ofm.wa.gov) with your comments.

## Economic Feasibility Study Criteria

### Is an EFS required?

By law, acceptance and disbursement of electronic payments by state agencies must be economically feasible and approved by OFM prior to implementation.

In order to determine whether an application is economically feasible, OFM reviews an economic feasibility study (EFS) prepared by the agency.

This process is addressed in Chapter 40 of the *State Administrative and Accounting Manual (SAAM)*.

To help agencies determine when an EFS is required for their proposed electronic payment projects, we recently added “*Economic Feasibility Study (EFS) Criteria-Is an EFS required?*” to our *Administrative and Accounting Resources E-Commerce* site at [www.ofm.wa.gov/policy/ecommm.htm](http://www.ofm.wa.gov/policy/ecommm.htm).

This resource summarizes the most common payment methods and whether or not an EFS is required by OFM for approval.

For more information on the EFS process, please contact Pam Valencia at [pam.valencia@ofm.wa.gov](mailto:pam.valencia@ofm.wa.gov) / (360) 664-7670.

## Who's Moved In Accounting?



**Julie Mullikin**

is the Software Test Lead on the BASS Project team. She is now located in the IBM Building. She can be reached at [julie.mullikin@ofm.wa.gov](mailto:julie.mullikin@ofm.wa.gov) / (360) 725-5274.



**Sue Wang**

moved to the Accounting Web Projects team, replacing Julie Mullikin. She can be reached at [sue.wang@ofm.wa.gov](mailto:sue.wang@ofm.wa.gov) / (360) 664-7760

## Who's New In Accounting?

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**Mike Franklin** joined Statewide Financial Systems on July 12, 2004, as a Developer for the BASS team. Mike currently works on the TALS project, assisting with design and development. He previously worked for the Washington State Board for Community and Technical Colleges where he spent almost two years as a web developer. Mike graduated from WSU in May 2002 with a BS in Computer Engineering, a discipline combining electrical engineering and computer science.

Mike enjoys friendly games of paintball, playing guitar and disturbing his neighbors while pretending he's Eddie Van Halen! Mike can be reached at [mike.franklin@ofm.wa.gov](mailto:mike.franklin@ofm.wa.gov) / (360) 725-5277.

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**Scott Kibler** joined Statewide Accounting as a State Financial Consultant on September 16, 2004. In addition to providing general consulting to a set of assigned agencies and participating in the preparation of the CAFR, Scott is responsible for preparing required reports to the federal government related to the Cash Management Improvement Act. Scott brings a wealth of experience to OFM, having spent the last five years at the Department of Social and Health Services (DSHS). Prior to DSHS, he worked for both the Department of Natural Resources and the State Auditor's Office.

Scott and his wife, Trish, have three children — Trent, age 3; Brock, age 4; and Brandon, age 14. He enjoys spending time with his family and many outside activities. Scott can be reached at [scott.kibler@ofm.wa.gov](mailto:scott.kibler@ofm.wa.gov) or (360) 664-7674.

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**Kami Madsen** joined the Accounting Division on August 23, 2004, as an Office Assistant Senior. She is the Receptionist at Point Plaza West and provides administrative support to the Small Agency Client Services unit. Kami most recently worked for the Office of the Attorney General. Before beginning state service, she worked in the insurance industry.

Kami and her husband, Chris, have two dogs - Mox and Goose. She enjoys a walk or jog with the dogs, tennis and garage/estate sales. She can be reached at [kami.madsen@ofm.wa.gov](mailto:kami.madsen@ofm.wa.gov) / (360) 664-7763.

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**Robin Miller** joined the Statewide Financial Systems QA/Testing group on August 2, 2004, as a Software Test Analyst. She works with the BASS project team and is located at the IBM building. She has worked the past six years consulting as a QA Engineer and Test Lead, most recently at the Department of Social and Health Services.

In her spare time, Robin enjoys traveling, photography, outdoor sports and raising Llamas and sheep on her mini-farm. Robin can be reached at [robin.miller@ofm.wa.gov](mailto:robin.miller@ofm.wa.gov) / (360) 725-5276.

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**Tuan Tran** joined the Statewide Financial Systems QA/Testing group on July 26, 2004, as a Software Test Analyst. Tuan works with the Enterprise Reporting group and is located at Point Plaza West. Tuan came to us from Silicon Valley with 15 years of experience as a test engineer in private industry.

When he isn't working, Tuan enjoys spending time with his family and playing Dad to his daughters, the lights of his life. Tuan can be reached at [tuan.tran@ofm.wa.gov](mailto:tuan.tran@ofm.wa.gov) / (360) 664-7780.